

**House Study Bill 108 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR'S BILL)

**A BILL FOR**

1 An Act relating to school district funding by providing for  
2 school district property tax replacement payments, making  
3 appropriations, modifying terminology, and including  
4 effective date and applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 256C.4, subsection 1, paragraph f, Code  
2 2013, is amended to read as follows:

3 *f.* The receipt of funding by a school district for the  
4 purposes of this chapter, the need for additional funding  
5 for the purposes of this chapter, or the enrollment count of  
6 eligible students under this chapter shall not be considered  
7 to be unusual circumstances, create an unusual need for  
8 additional funds, or qualify under any other circumstances that  
9 may be used by the school budget review committee to grant  
10 supplemental aid to or establish modified ~~allowable growth~~  
11 supplemental state aid for a school district under section  
12 257.31.

13 Sec. 2. Section 257.2, subsection 1, Code 2013, is amended  
14 by striking the subsection.

15 Sec. 3. Section 257.2, subsection 9, Code 2013, is amended  
16 by adding the following new paragraph:

17 NEW PARAGRAPH. *d.* Property tax replacement payments  
18 received under section 257.16B.

19 Sec. 4. Section 257.2, subsection 12, Code 2013, is amended  
20 to read as follows:

21 12. "*State percent of growth*" means the percent of growth  
22 which is established by statute pursuant to section 257.8, and  
23 which is used in determining the ~~allowable growth~~ supplemental  
24 state aid.

25 Sec. 5. Section 257.2, Code 2013, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 12A. "*Supplemental state aid*" means the  
28 amount by which state cost per pupil and district cost per  
29 pupil will increase from one budget year to the next.

30 Sec. 6. Section 257.4, subsection 1, paragraph a, Code 2013,  
31 is amended by adding the following new subparagraph:

32 NEW SUBPARAGRAPH. (8) The amount of the school district  
33 property tax replacement payment received by the school  
34 district under section 257.16B.

35 Sec. 7. Section 257.4, subsection 1, paragraph b, Code 2013,

1 is amended to read as follows:

2     *b.* For the budget year beginning July 1, 2008, and  
3 succeeding budget years, the department of management shall  
4 annually determine an adjusted additional property tax levy and  
5 a statewide maximum adjusted additional property tax levy rate,  
6 not to exceed the statewide average additional property tax  
7 levy rate, calculated by dividing the total adjusted additional  
8 property tax levy dollars statewide by the statewide total  
9 net taxable valuation. For purposes of this paragraph, the  
10 adjusted additional property tax levy shall be that portion of  
11 the additional property tax levy corresponding to the state  
12 cost per pupil multiplied by a school district's weighted  
13 enrollment, ~~and then multiplied by one hundred percent less~~  
14 ~~the regular program foundation base per pupil percentage~~  
15 pursuant to section 257.1, and then reduced by the amount of  
16 property tax replacement received under section 257.16B. The  
17 district shall receive adjusted additional property tax levy  
18 aid in an amount equal to the difference between the adjusted  
19 additional property tax levy rate and the statewide maximum  
20 adjusted additional property tax levy rate, as applied per  
21 thousand dollars of assessed valuation on all taxable property  
22 in the district. ~~The statewide maximum adjusted additional~~  
23 ~~property tax levy rate shall be annually determined by the~~  
24 ~~department taking into account amounts allocated pursuant to~~  
25 ~~section 257.15, subsection 4.~~ The statewide maximum adjusted  
26 additional property tax levy rate shall be annually determined  
27 by the department taking into account amounts allocated  
28 pursuant to section 257.15, subsection 4, and the balance of  
29 the property tax equity and relief fund created in section  
30 257.16A at the end of the calendar year.

31     Sec. 8. Section 257.6, subsection 1, paragraph a,  
32 subparagraph (5), Code 2013, is amended to read as follows:

33     (5) Resident pupils receiving competent private instruction  
34 from a licensed practitioner provided through a public  
35 school district pursuant to chapter 299A shall be counted

1 as three-tenths of one pupil. Revenues received by a  
 2 school district attributed to a school district's weighted  
 3 enrollment pursuant to this subparagraph shall be expended  
 4 for the purpose for which the weighting was assigned under  
 5 this subparagraph. If the school district determines that  
 6 the expenditures associated with providing competent private  
 7 instruction pursuant to chapter 299A are in excess of the  
 8 revenue attributed to the school district's weighted enrollment  
 9 for such instruction in accordance with this subparagraph,  
 10 the school district may submit a request to the school budget  
 11 review committee for modified ~~allowable-growth~~ supplemental  
 12 state aid in accordance with section 257.31, subsection 5,  
 13 paragraph "n". A home school assistance program shall not  
 14 provide moneys received pursuant to this subparagraph, nor  
 15 resources paid for with moneys received pursuant to this  
 16 subparagraph, to parents or students utilizing the program.  
 17 Moneys received by a school district pursuant to this  
 18 subparagraph shall be used as provided in section 299A.12.

19 Sec. 9. Section 257.8, subsections 3, 6, and 7, Code 2013,  
 20 are amended to read as follows:

21 3. ~~Allowable-growth~~ Supplemental state aid calculation. The  
 22 department of management shall calculate the regular program  
 23 ~~allowable-growth~~ supplemental state aid for a budget year by  
 24 multiplying the state percent of growth for the budget year  
 25 by the regular program state cost per pupil for the base year  
 26 and shall calculate the special education support services  
 27 ~~allowable-growth~~ supplemental state aid for the budget year by  
 28 multiplying the state percent of growth for the budget year by  
 29 the special education support services state cost per pupil for  
 30 the base year.

31 6. ~~Combined allowable-growth~~ supplemental state aid. The  
 32 combined ~~allowable-growth~~ supplemental state aid per pupil  
 33 for each school district is the sum of the regular program  
 34 ~~allowable-growth~~ supplemental state aid per pupil and  
 35 the special education support services ~~allowable-growth~~

1 supplemental state aid per pupil for the budget year, which may  
2 be modified as follows:

3 a. By the school budget review committee under section  
4 257.31.

5 b. By the department of management under section 257.36.

6 7. ~~Alternate allowable-growth~~ supplemental state aid —  
7 definitions. For budget years beginning July 1, 2000, and  
8 subsequent budget years, references to the terms "~~allowable~~  
9 ~~growth~~" "supplemental state aid", "regular program state cost  
10 per pupil", and "regular program district cost per pupil" shall  
11 mean those terms as calculated for those school districts that  
12 calculated regular program ~~allowable-growth~~ supplemental state  
13 aid for the school budget year beginning July 1, 1999, with the  
14 additional thirty-eight dollars specified in section 257.8,  
15 subsection 4, Code 2013.

16 Sec. 10. Section 257.8, subsections 4 and 5, Code 2013, are  
17 amended by striking the subsections.

18 Sec. 11. Section 257.9, subsection 1, paragraph b, Code  
19 2013, is amended to read as follows:

20 b. The total calculated under this subsection shall  
21 be divided by the total of the budget enrollments of all  
22 school districts for the budget year beginning July 1, 1990,  
23 calculated under section 257.6, subsection 4, if section  
24 257.6, subsection 4, had been in effect for that budget  
25 year. The regular program state cost per pupil for the budget  
26 year beginning July 1, 1991, is the amount calculated by  
27 the department of management under this subsection plus an  
28 ~~allowable-growth~~ a supplemental state aid amount, as defined  
29 in this Act, that is equal to the state percent of growth for  
30 the budget year multiplied by the amount calculated by the  
31 department of management under this subsection.

32 Sec. 12. Section 257.9, subsections 2, 4, 6, 7, 8, 9, and  
33 10, Code 2013, are amended to read as follows:

34 2. Regular program state cost per pupil for 1992-1993 and  
35 succeeding years. For the budget year beginning July 1, 1992,

1 and succeeding budget years, the regular program state cost  
2 per pupil for a budget year is the regular program state cost  
3 per pupil for the base year plus the regular program ~~allowable~~  
4 ~~growth~~ supplemental state aid for the budget year.

5 4. *Special education support services state cost per pupil*  
6 *for 1992-1993 and succeeding years.* For the budget year  
7 beginning July 1, 1992, and succeeding budget years, the  
8 special education support services state cost per pupil for the  
9 budget year is the special education support services state  
10 cost per pupil for the base year plus the special education  
11 support services ~~allowable-growth~~ supplemental state aid for  
12 the budget year.

13 6. *Teacher salary supplement state cost per pupil.* For the  
14 budget year beginning July 1, 2009, for the teacher salary  
15 supplement state cost per pupil, the department of management  
16 shall add together the teacher compensation allocation made  
17 to each district for the fiscal year beginning July 1, 2008,  
18 pursuant to section 284.13, subsection 1, paragraph "h", Code  
19 2009, and the phase II allocation made to each district for the  
20 fiscal year beginning July 1, 2008, pursuant to section 294A.9,  
21 Code 2009, and divide that sum by the statewide total budget  
22 enrollment for the fiscal year beginning July 1, 2009. The  
23 teacher salary supplement state cost per pupil for the budget  
24 year beginning July 1, 2010, and succeeding budget years, shall  
25 be the amount calculated by the department of management under  
26 this subsection for the base year plus an ~~allowable-growth~~ a  
27 supplemental state aid amount that is equal to the teacher  
28 salary supplement categorical state percent of growth, pursuant  
29 to section 257.8, subsection 2, for the budget year, multiplied  
30 by the amount calculated by the department of management under  
31 this subsection for the base year.

32 7. *Professional development supplement state cost per*  
33 *pupil.* For the budget year beginning July 1, 2009, for the  
34 professional development supplement state cost per pupil, the  
35 department of management shall add together the professional

1 development allocation made to each district for the fiscal  
2 year beginning July 1, 2008, pursuant to section 284.13,  
3 subsection 1, paragraph `d`, Code 2009, and divide that sum  
4 by the statewide total budget enrollment for the fiscal  
5 year beginning July 1, 2009. The professional development  
6 supplement state cost per pupil for the budget year beginning  
7 July 1, 2010, and succeeding budget years, shall be the  
8 amount calculated by the department of management under  
9 this subsection for the base year plus ~~an allowable growth~~ a  
10 supplemental state aid amount that is equal to the professional  
11 development supplement categorical state percent of growth,  
12 pursuant to section 257.8, subsection 2, for the budget year,  
13 multiplied by the amount calculated by the department of  
14 management under this subsection for the base year.

15 8. *Early intervention supplement state cost per pupil.* For  
16 the budget year beginning July 1, 2009, for the early  
17 intervention supplement state cost per pupil, the department of  
18 management shall add together the early intervention allocation  
19 made to each district for the fiscal year beginning July  
20 1, 2008, pursuant to section 256D.4, Code 2009, and divide  
21 that sum by the statewide total budget enrollment for the  
22 fiscal year beginning July 1, 2009. The early intervention  
23 supplement state cost per pupil for the budget year beginning  
24 July 1, 2010, and succeeding budget years, shall be the  
25 amount calculated by the department of management under  
26 this subsection for the base year plus ~~an allowable growth~~  
27 a supplemental state aid amount that is equal to the early  
28 intervention supplement categorical state percent of growth,  
29 pursuant to section 257.8, subsection 2, for the budget year,  
30 multiplied by the amount calculated by the department of  
31 management under this subsection for the base year.

32 9. *Area education agency teacher salary supplement state cost*  
33 *per pupil.* For the budget year beginning July 1, 2009, for  
34 the area education agency teacher salary supplement state cost  
35 per pupil, the department of management shall add together the

1 teacher compensation allocation made to each area education  
2 agency for the fiscal year beginning July 1, 2008, pursuant to  
3 section 284.13, subsection 1, paragraph "i", Code 2009, and  
4 the phase II allocation made to each area education agency for  
5 the fiscal year beginning July 1, 2008, pursuant to section  
6 294A.9, Code 2009, and divide that sum by the statewide special  
7 education support services weighted enrollment for the fiscal  
8 year beginning July 1, 2009. The area education agency teacher  
9 salary supplement state cost per pupil for the budget year  
10 beginning July 1, 2010, and succeeding budget years, shall be  
11 the amount calculated by the department of management under  
12 this subsection for the base year plus ~~an allowable growth a~~  
13 supplemental state aid amount that is equal to the teacher  
14 salary supplement categorical state percent of growth, pursuant  
15 to section 257.8, subsection 2, for the budget year, multiplied  
16 by the amount calculated by the department of management under  
17 this subsection for the base year.

18 10. *Area education agency professional development supplement*  
19 *state cost per pupil.* For the budget year beginning July 1,  
20 2009, for the area education agency professional development  
21 supplement state cost per pupil, the department of management  
22 shall add together the professional development allocation made  
23 to each area education agency for the fiscal year beginning  
24 July 1, 2008, pursuant to section 284.13, subsection 1,  
25 paragraph "d", Code 2009, and divide that sum by the statewide  
26 special education support services weighted enrollment for the  
27 fiscal year beginning July 1, 2009. The area education agency  
28 professional development supplement state cost per pupil for  
29 the budget year beginning July 1, 2010, and succeeding budget  
30 years, shall be the amount calculated by the department of  
31 management under this subsection for the base year plus ~~an~~  
32 ~~allowable growth a~~ supplemental state aid amount that is equal  
33 to the professional development supplement categorical state  
34 percent of growth, pursuant to section 257.8, subsection 2, for  
35 the budget year, multiplied by the amount calculated by the

1 department of management under this subsection for the base  
2 year.

3 Sec. 13. Section 257.10, subsection 1, Code 2013, is amended  
4 to read as follows:

5 1. *Regular program district cost per pupil for*  
6 *1991-1992.* For the budget year beginning July 1, 1991, in order  
7 to determine the regular program district cost per pupil for a  
8 district, the department of management shall divide the product  
9 of the regular program district cost per pupil of the district  
10 for the base year, as regular program district cost per pupil  
11 would have been calculated under section 442.9, Code 1989,  
12 multiplied by its budget enrollment for the base year as budget  
13 enrollment would have been calculated under section 442.4,  
14 Code 1989, plus the amount added to district cost pursuant  
15 to section 442.21, Code 1989, for each school district, by  
16 the budget enrollment of the school district for the budget  
17 year beginning July 1, 1990, calculated under section 257.6,  
18 subsection 4, as if section 257.6, subsection 4, had been in  
19 effect for that budget year. The regular program district cost  
20 per pupil for the budget year beginning July 1, 1991, is the  
21 amount calculated by the department of management under this  
22 subsection plus the ~~allowable growth~~ supplemental state aid  
23 amount, as defined in this Act, calculated for regular program  
24 state cost per pupil, except that if the regular program  
25 district cost per pupil for the budget year calculated under  
26 this subsection in any school district exceeds one hundred  
27 ten percent of the regular program state cost per pupil for  
28 the budget year, the department of management shall reduce  
29 the regular program district cost per pupil of that district  
30 for the budget year to an amount equal to one hundred ten  
31 percent of the regular program state cost per pupil for the  
32 budget year, and if the regular program district cost per pupil  
33 for the budget year calculated under this subsection in any  
34 school district is less than the regular program state cost per  
35 pupil for the budget year, the department of management shall

1 increase the regular program district cost per pupil of that  
2 district to an amount equal to the regular program state cost  
3 per pupil for the budget year.

4 Sec. 14. Section 257.10, subsection 2, paragraph a, Code  
5 2013, is amended to read as follows:

6 a. For the budget year beginning July 1, 1992, and  
7 succeeding budget years, the regular program district cost per  
8 pupil for each school district for a budget year is the regular  
9 program district cost per pupil for the base year plus the  
10 regular program ~~allowable-growth~~ supplemental state aid for the  
11 budget year except as otherwise provided in this subsection.

12 Sec. 15. Section 257.10, subsection 4, paragraph a, Code  
13 2013, is amended to read as follows:

14 a. For the budget year beginning July 1, 1992, and  
15 succeeding budget years, the special education support services  
16 district cost per pupil for the budget year is the special  
17 education support services district cost per pupil for the base  
18 year plus the special education support services ~~allowable~~  
19 ~~growth~~ supplemental state aid for the budget year.

20 Sec. 16. Section 257.10, subsection 5, Code 2013, is amended  
21 to read as follows:

22 5. *Combined district cost per pupil.* The combined district  
23 cost per pupil for a school district is the sum of the regular  
24 program district cost per pupil and the special education  
25 support services district cost per pupil. Combined district  
26 cost per pupil does not include modified ~~allowable-growth~~  
27 supplemental state aid added for school districts that have  
28 a negative balance of funds raised for special education  
29 instruction programs, modified ~~allowable-growth~~ supplemental  
30 state aid granted by the school budget review committee for a  
31 single school year, or modified ~~allowable-growth~~ supplemental  
32 state aid added for programs for dropout prevention.

33 Sec. 17. Section 257.10, subsection 9, paragraph a, Code  
34 2013, is amended to read as follows:

35 a. For the budget year beginning July 1, 2009, the

1 department of management shall add together the teacher  
2 compensation allocation made to each district for the fiscal  
3 year beginning July 1, 2008, pursuant to section 284.13,  
4 subsection 1, paragraph "h", Code 2009, and the phase II  
5 allocation made to each district for the fiscal year beginning  
6 July 1, 2008, pursuant to section 294A.9, Code 2009, and  
7 divide that sum by the district's budget enrollment in the  
8 fiscal year beginning July 1, 2009, to determine the teacher  
9 salary supplement district cost per pupil. For the budget  
10 year beginning July 1, 2010, and succeeding budget years,  
11 the teacher salary supplement district cost per pupil for  
12 each school district for a budget year is the teacher salary  
13 supplement program district cost per pupil for the base year  
14 plus the teacher salary supplement ~~state allowable growth~~  
15 supplemental state aid amount for the budget year.

16 Sec. 18. Section 257.10, subsection 10, paragraph a, Code  
17 2013, is amended to read as follows:

18 a. For the budget year beginning July 1, 2009, the  
19 department of management shall divide the professional  
20 development allocation made to each district for the fiscal  
21 year beginning July 1, 2008, pursuant to section 284.13,  
22 subsection 1, paragraph "d", Code 2009, by the district's  
23 budget enrollment in the fiscal year beginning July 1, 2009,  
24 to determine the professional development supplement cost  
25 per pupil. For the budget year beginning July 1, 2010,  
26 and succeeding budget years, the professional development  
27 supplement district cost per pupil for each school district  
28 for a budget year is the professional development supplement  
29 district cost per pupil for the base year plus the professional  
30 development supplement ~~state allowable growth~~ supplemental  
31 state aid amount for the budget year.

32 Sec. 19. Section 257.10, subsection 11, paragraph a, Code  
33 2013, is amended to read as follows:

34 a. For the budget year beginning July 1, 2009, the  
35 department of management shall divide the early intervention

1 allocation made to each district for the fiscal year beginning  
2 July 1, 2008, pursuant to section 256D.4, Code 2009, by the  
3 district's budget enrollment in the fiscal year beginning July  
4 1, 2009, to determine the early intervention supplement cost  
5 per pupil. For the budget year beginning July 1, 2010, and  
6 succeeding budget years, the early intervention supplement  
7 district cost per pupil for each school district for a budget  
8 year is the early intervention supplement district cost per  
9 pupil for the base year plus the early development supplement  
10 ~~state allowable growth~~ supplemental state aid amount for the  
11 budget year.

12 Sec. 20. Section 257.13, subsections 2 and 3, Code 2013, are  
13 amended to read as follows:

14 2. The board of directors of a school district that wishes  
15 to receive an on-time funding budget adjustment shall adopt  
16 a resolution to receive the adjustment and notify the school  
17 budget review committee annually, but not earlier than November  
18 1, as determined by the department of education. The school  
19 budget review committee shall establish a modified ~~allowable~~  
20 ~~growth~~ supplemental state aid in an amount determined pursuant  
21 to subsection 1.

22 3. If the board of directors of a school district  
23 determines that a need exists for additional funds exceeding  
24 the authorized budget adjustment for on-time funding pursuant  
25 to this section, a request for modified ~~allowable-growth~~  
26 supplemental state aid based upon increased enrollment may be  
27 submitted to the school budget review committee as provided in  
28 section 257.31.

29 Sec. 21. Section 257.15, subsection 4, paragraph b, Code  
30 2013, is amended to read as follows:

31 b. After lowering all school district adjusted additional  
32 property tax levy rates to the statewide maximum adjusted  
33 additional property tax levy rate under paragraph "a", the  
34 department of management shall use any remaining funds at the  
35 end of the calendar year to further lower additional property

1 taxes by increasing for the budget year beginning the following  
2 July 1, the state foundation base percentage. Moneys used  
3 pursuant to this paragraph shall supplant an equal amount of  
4 the appropriation made from the general fund of the state  
5 pursuant to section 257.16 that represents the increase in  
6 state foundation aid.

7 Sec. 22. NEW SECTION. 257.16B School district property tax  
8 replacement payments.

9 1. For each fiscal year beginning on or after July 1, 2013,  
10 there is appropriated from the general fund of the state to the  
11 department of education an amount necessary to make all school  
12 district property tax replacement payments under this section,  
13 as calculated in subsection 2, paragraph "c".

14 2. For each budget year beginning on or after July 1, 2013,  
15 the department of management shall calculate for each school  
16 district all of the following:

17 a. The state cost per pupil for the budget year beginning  
18 July 1, 2012, multiplied by one hundred percent less the  
19 regular program foundation base per pupil percentage pursuant  
20 to section 257.1.

21 b. The state cost per pupil for the budget year multiplied  
22 by one hundred percent less the regular program foundation base  
23 per pupil percentage pursuant to section 257.1.

24 c. The amount of each school district's property tax  
25 replacement payment. Each school district's property tax  
26 replacement payment equals the school district's weighted  
27 enrollment for the budget year multiplied by the remainder of  
28 the amount calculated for the school district under paragraph  
29 "b" minus the amount calculated for the school district under  
30 paragraph "a".

31 3. School district property tax replacement payments under  
32 this section shall be paid by the department of education at  
33 the same time and in the same manner as foundation aid is paid  
34 and may be included in the monthly payment of state aid under  
35 section 257.16, subsection 2.

1     Sec. 23. Section 257.31, subsection 5, unnumbered paragraph  
2 1, Code 2013, is amended to read as follows:

3     If a district has unusual circumstances, creating an unusual  
4 need for additional funds, including but not limited to the  
5 circumstances enumerated in paragraphs "a" through "n", the  
6 committee may grant supplemental aid to the district from any  
7 funds appropriated to the department of education for the use  
8 of the school budget review committee for the purposes of  
9 this subsection. The school budget review committee shall  
10 review a school district's unexpended fund balance prior to  
11 any decision regarding unusual finance circumstances. Such  
12 aid shall be miscellaneous income and shall not be included in  
13 district cost. In addition to or as an alternative to granting  
14 supplemental aid the committee may establish a modified  
15 ~~allowable-growth supplemental state aid~~ for the district by  
16 increasing its ~~allowable-growth supplemental state aid~~. The  
17 school budget review committee shall review a school district's  
18 unspent balance prior to any decision to increase modified  
19 ~~allowable-growth supplemental state aid~~ under this subsection.

20     Sec. 24. Section 257.31, subsection 6, paragraph a, Code  
21 2013, is amended to read as follows:

22     a. The committee shall establish a modified ~~allowable~~  
23 ~~growth supplemental state aid~~ for a district by increasing  
24 its ~~allowable-growth supplemental state aid~~ when the district  
25 submits evidence that it requires additional funding for  
26 removal, management, or abatement of environmental hazards due  
27 to a state or federal requirement. Environmental hazards shall  
28 include but are not limited to the presence of asbestos, radon,  
29 or the presence of any other hazardous material dangerous to  
30 health and safety.

31     Sec. 25. Section 257.31, subsection 7, paragraph b, Code  
32 2013, is amended to read as follows:

33     b. Other expenditures, including but not limited to  
34 expenditures for salaries or recurring costs, are not  
35 authorized under this subsection. Expenditures authorized

1 under this subsection shall not be included in ~~allowable-growth~~  
2 supplemental state aid or district cost, and the portion of the  
3 unexpended fund balance which is authorized to be spent shall  
4 be regarded as if it were miscellaneous income. Any part of  
5 the amount not actually spent for the authorized purpose shall  
6 revert to its former status as part of the unexpended fund  
7 balance.

8 Sec. 26. Section 257.31, subsection 14, paragraph b,  
9 subparagraph (3), Code 2013, is amended to read as follows:

10 (3) A school district is only eligible to receive  
11 supplemental aid payments during the budget year if the school  
12 district certifies to the school budget review committee that  
13 for the year following the budget year it will notify the  
14 school budget review committee to instruct the director of the  
15 department of management to increase the district's ~~allowable~~  
16 ~~growth~~ supplemental state aid and will fund the ~~allowable~~  
17 ~~growth~~ supplemental state aid increase either by using moneys  
18 from its unexpended fund balance to reduce the district's  
19 property tax levy or by using cash reserve moneys to equal the  
20 amount of the deficit that would have been property taxes and  
21 any part of the state aid portion of the deficit not received  
22 as supplemental aid under this subsection. The director of the  
23 department of management shall make the necessary adjustments  
24 to the school district's budget to provide the modified  
25 ~~allowable-growth~~ supplemental state aid and shall make the  
26 supplemental aid payments.

27 Sec. 27. Section 257.32, subsection 1, paragraph a, Code  
28 2013, is amended to read as follows:

29 a. An area education agency budget review procedure is  
30 established for the school budget review committee created  
31 in section 257.30. The school budget review committee, in  
32 addition to its duties under section 257.31, shall meet and  
33 hold hearings each year to review unusual circumstances of area  
34 education agencies, either upon the committee's motion or upon  
35 the request of an area education agency. The committee may

1 grant supplemental aid to the area education agency from funds  
2 appropriated to the department of education for area education  
3 agency budget review purposes, or an amount may be added to  
4 the area education agency special education support services  
5 ~~allowable-growth~~ supplemental state aid for districts in an  
6 area or an additional amount may be added to district cost for  
7 media services or educational services for all districts in an  
8 area for the budget year either on a temporary or permanent  
9 basis, or both.

10 Sec. 28. Section 257.37, subsections 1 and 3, Code 2013, are  
11 amended to read as follows:

12 1. For the budget year beginning July 1, 1991, and  
13 succeeding budget years, the total amount funded in each area  
14 for media services shall be computed as provided in this  
15 subsection. For the budget year beginning July 1, 1991, the  
16 total amount funded in each area for media services in the  
17 base year shall be divided by the enrollment served in the  
18 base year to provide an area media services cost per pupil in  
19 the base year, and the department of management shall compute  
20 the state media services cost per pupil in the base year which  
21 is equal to the average of the area media services costs per  
22 pupil in the base year. For the budget year beginning July 1,  
23 1991, and succeeding budget years, the department of management  
24 shall compute the ~~allowable-growth~~ supplemental state aid for  
25 media services in the budget year by multiplying the state  
26 media services cost per pupil in the base year times the state  
27 percent of growth for the budget year, and the total amount  
28 funded in each area for media services cost in the budget year  
29 equals the area media services cost per pupil in the base year  
30 plus the ~~allowable-growth~~ supplemental state aid for media  
31 services in the budget year times the enrollment served in the  
32 budget year. Funds shall be paid to area education agencies  
33 as provided in section 257.35.

34 3. For the budget year beginning July 1, 1991, and  
35 succeeding budget years, the total amount funded in each area

1 for educational services shall be computed as provided in this  
2 subsection. For the budget year beginning July 1, 1991, the  
3 total amount funded in each area for educational services  
4 in the base year shall be divided by the enrollment served  
5 in the area in the base year to provide an area educational  
6 services cost per pupil in the base year, and the department of  
7 management shall compute the state educational services cost  
8 per pupil in the base year, which is equal to the average of  
9 the area educational services costs per pupil in the base year.  
10 For the budget year beginning July 1, 1991, and succeeding  
11 budget years, the department of management shall compute  
12 the ~~allowable-growth~~ supplemental state aid for educational  
13 services by multiplying the state educational services cost  
14 per pupil in the base year times the state percent of growth  
15 for the budget year, and the total amount funded in each area  
16 for educational services for the budget year equals the area  
17 educational services cost per pupil for the base year plus  
18 the ~~allowable-growth~~ supplemental state aid for educational  
19 services in the budget year times the enrollment served in the  
20 area in the budget year. Funds shall be paid to area education  
21 agencies as provided in section 257.35.

22 Sec. 29. Section 257.37A, subsection 1, paragraph a, Code  
23 2013, is amended to read as follows:

24 a. For the budget year beginning July 1, 2009, the  
25 department of management shall add together the teacher  
26 compensation allocation made to each area education agency for  
27 the fiscal year beginning July 1, 2008, pursuant to section  
28 284.13, subsection 1, paragraph "i", Code 2009, and the phase II  
29 allocation made to each area education agency for the fiscal  
30 year beginning July 1, 2008, pursuant to section 294A.9, Code  
31 2009, and divide that sum by the special education support  
32 services weighted enrollment in the fiscal year beginning July  
33 1, 2009, to determine the area education agency teacher salary  
34 supplement cost per pupil. For the budget year beginning July  
35 1, 2010, and succeeding budget years, the area education agency

1 teacher salary supplement district cost per pupil for each area  
2 education agency for a budget year is the area education agency  
3 teacher salary supplement district cost per pupil for the base  
4 year plus the area education agency teacher salary supplement  
5 ~~state allowable growth~~ supplemental state aid amount for the  
6 budget year.

7 Sec. 30. Section 257.37A, subsection 2, paragraph a, Code  
8 2013, is amended to read as follows:

9 a. For the budget year beginning July 1, 2009, the  
10 department of management shall divide the area education  
11 agency professional development supplement made to each  
12 area education agency for the fiscal year beginning July 1,  
13 2008, pursuant to section 284.13, subsection 1, paragraph  
14 "d", Code 2009, by the special education support services  
15 weighted enrollment in the fiscal year beginning July 1, 2009,  
16 to determine the professional development supplement cost  
17 per pupil. For the budget year beginning July 1, 2010, and  
18 succeeding budget years, the area education agency professional  
19 development supplement district cost per pupil for each area  
20 education agency for a budget year is the area education agency  
21 professional development supplement district cost per pupil  
22 for the base year plus the area education agency professional  
23 development supplement ~~state allowable growth~~ supplemental  
24 state aid amount for the budget year.

25 Sec. 31. Section 257.38, subsection 1, unnumbered paragraph  
26 1, Code 2013, is amended to read as follows:

27 Boards of school districts, individually or jointly with  
28 boards of other school districts, requesting to use modified  
29 ~~allowable growth~~ supplemental state aid for programs for  
30 returning dropouts and dropout prevention, shall submit  
31 comprehensive program plans for the programs and budget  
32 costs, including annual requests for modified ~~allowable~~  
33 ~~growth~~ supplemental state aid for funding the programs, to the  
34 department of education as a component of the comprehensive  
35 school improvement plan submitted to the department pursuant to

1 section 256.7, subsection 21. The program plans shall include:

2 Sec. 32. Section 257.38, subsection 2, Code 2013, is amended  
3 to read as follows:

4 2. Program plans shall identify the parts of the plan that  
5 will be implemented first upon approval of the request. If  
6 a district is requesting to use modified ~~allowable-growth~~  
7 supplemental state aid to finance the program, the school  
8 district shall not identify more than five percent of its  
9 budget enrollment for the budget year as returning dropouts and  
10 potential dropouts.

11 Sec. 33. Section 257.40, Code 2013, is amended to read as  
12 follows:

13 **257.40 Approval of programs for returning dropouts and**  
14 **dropout prevention — annual report.**

15 1. The board of directors of a school district requesting  
16 to use modified ~~allowable-growth~~ supplemental state aid  
17 for programs for returning dropouts and dropout prevention  
18 shall submit requests for modified at-risk ~~allowable-growth~~  
19 supplemental state aid, including budget costs, to the  
20 department not later than December 15 of the year preceding  
21 the budget year during which the program will be offered.  
22 The department shall review the request and shall prior to  
23 January 15 either grant approval for the request or return the  
24 request for approval with comments of the department included.  
25 An unapproved request for a program may be resubmitted with  
26 modifications to the department not later than February 1.  
27 Not later than February 15, the department shall notify the  
28 department of management and the school budget review committee  
29 of the names of the school districts for which programs using  
30 modified ~~allowable-growth~~ supplemental state aid for funding  
31 have been approved and the approved budget of each program  
32 listed separately for each school district having an approved  
33 request.

34 2. Beginning January 15, 2007, the department shall submit  
35 an annual report to the chairpersons and ranking members

1 of the senate and house education committees that includes  
2 the ways school districts in the previous school year used  
3 modified ~~allowable-growth~~ supplemental state aid approved under  
4 subsection 1; identifies, by grade level, age, and district  
5 size, the students in the dropout and dropout prevention  
6 programs for which the department approves a request; describes  
7 school district progress toward increasing student achievement  
8 and attendance for the students in the programs; and describes  
9 how the school districts are using the revenues from the  
10 modified ~~allowable-growth~~ supplemental state aid to improve  
11 student achievement among minority subgroups.

12 Sec. 34. Section 257.41, subsections 1 and 3, Code 2013, are  
13 amended to read as follows:

14 1. *Budget.* The budget of an approved program for returning  
15 dropouts and dropout prevention for a school district, after  
16 subtracting funds received from other sources for that purpose,  
17 shall be funded annually on a basis of one-fourth or more  
18 from the district cost of the school district and up to  
19 three-fourths by an increase in ~~allowable-growth~~ supplemental  
20 state aid as defined in section 257.8. Annually, the  
21 department of management shall establish a modified ~~allowable~~  
22 ~~growth~~ supplemental state aid for each such school district  
23 equal to the difference between the approved budget for the  
24 program for returning dropouts and dropout prevention for that  
25 district and the sum of the amount funded from the district  
26 cost of the school district plus funds received from other  
27 sources.

28 3. *Limitation.* For the fiscal year beginning July 1, 2013,  
29 and each succeeding fiscal year, the ratio of the amount of  
30 modified ~~allowable-growth~~ supplemental state aid established by  
31 the department of management compared to the school district's  
32 total regular program district cost shall not exceed two and  
33 one-half percent. However, if the school district's highest  
34 such ratio so determined for any fiscal year beginning on or  
35 after July 1, 2009, but before July 1, 2013, exceeded two and

1 one-half percent, the ratio may exceed two and one-half percent  
2 but shall not exceed the highest such ratio established during  
3 that period.

4 Sec. 35. Section 257.46, subsection 2, Code 2013, is amended  
5 to read as follows:

6 2. The remaining portion of the budget shall be funded  
7 by the thirty-eight dollar increase in ~~allowable growth~~  
8 supplemental state aid, as defined in this Act, for the  
9 school budget year beginning July 1, 1999, multiplied by a  
10 district's budget enrollment. The thirty-eight dollar increase  
11 for the school budget year beginning July 1, 1999, shall  
12 increase in subsequent years by each year's state percent of  
13 growth. School districts shall annually report the amount  
14 expended for a gifted and talented program to the department of  
15 education. The proportion of a school district's budget which  
16 corresponds to the thirty-eight dollar increase in ~~allowable~~  
17 growth supplemental state aid, as defined in this Act, for the  
18 school budget year beginning July 1, 1999, added to the amount  
19 in subsection 1, shall be utilized exclusively for a school  
20 district's gifted and talented program.

21 Sec. 36. Section 273.23, subsection 8, Code 2013, is amended  
22 to read as follows:

23 8. For the school year beginning on the effective date  
24 of an area education agency reorganization as provided in  
25 this subchapter, the special education support services  
26 cost per pupil shall be based upon the combined base year  
27 budgets for special education support services of the area  
28 education agencies that reorganized to form the newly formed  
29 area education agency, divided by the total of the weighted  
30 enrollment for special education support services in the  
31 reorganized area education agency for the base year plus the  
32 ~~allowable growth~~ supplemental state aid amount per pupil for  
33 special education support services for the budget year as  
34 calculated in section 257.8.

35 Sec. 37. Section 280.4, subsection 3, Code 2013, is amended

1 to read as follows:

2 3. In order to provide funds for the excess costs of  
3 instruction of limited English proficient students above  
4 the costs of instruction of pupils in a regular curriculum,  
5 students identified as limited English proficient shall be  
6 assigned an additional weighting of twenty-two hundredths, and  
7 that weighting shall be included in the weighted enrollment of  
8 the school district of residence for a period not exceeding  
9 four years. However, the school budget review committee  
10 may grant supplemental aid or modified allowable growth  
11 supplemental state aid to a school district to continue funding  
12 a program for students after the expiration of the four-year  
13 period.

14 Sec. 38. EFFECTIVE UPON ENACTMENT. This Act, being deemed  
15 of immediate importance, takes effect upon enactment.

16 Sec. 39. APPLICABILITY. This Act applies to school budget  
17 years beginning on or after July 1, 2013.

18 EXPLANATION

19 This bill relates to school district funding by providing  
20 for school district property tax replacement payments and  
21 modifying school district funding terminology.

22 For each fiscal year beginning on or after July 1, 2013,  
23 the bill appropriates from the general fund of the state to  
24 the department of education an amount necessary to make all  
25 school district property tax replacement payments under new  
26 Code section 257.16B.

27 Under the bill, for each school budget year beginning on  
28 or after July 1, 2013, each school district's property tax  
29 replacement payment amount is equal to the school district's  
30 weighted enrollment for the budget year multiplied by the  
31 difference of the following: (1) the state cost per pupil for  
32 the budget year multiplied by 100 percent less the regular  
33 program foundation base per pupil percentage pursuant to Code  
34 section 257.1 and (2) the state cost per pupil for the budget  
35 year beginning July 1, 2012, multiplied by 100 percent less the

1 regular program foundation base per pupil percentage pursuant  
2 to Code section 257.1.

3 The bill specifies the timing and manner in which school  
4 district property tax replacement payments are made by the  
5 department of education.

6 The bill modifies the definition of miscellaneous income  
7 under Code chapter 257 to exclude property tax replacement  
8 payments received by a school district under new Code  
9 section 257.16B. The bill also modifies the calculation for  
10 determining the amount of a school district's additional  
11 property tax levy to reflect property tax replacement payment  
12 amounts received under new Code section 257.16B.

13 The bill modifies school district funding terminology in  
14 Code chapters 256C, 257, 273, and 280 by changing the term  
15 "allowable growth" to "supplemental state aid" and by changing  
16 the term "modified allowable growth" to "modified supplemental  
17 state aid".

18 The bill takes effect upon enactment and applies to school  
19 budget years beginning on or after July 1, 2013.